GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3621
ANSWERED ON:16.12.2005
UNIT LINKED INSURANCE PLAN
Acharia Shri Basudeb

Will the Minister of FINANCE be pleased to state:

:

(a) whether Unit Linked Insurance Plans (ULIP) are not only life insurance product but a mutual fund product and whether it is being allowed to be marketed by the Life Insurance Companies in India;

(b)ULIP has camouflaged as Life Insurance products given Income Tax benefits at par with traditional life insurance products;

(c) whether steps have been taken to check selling of ULIP by Life Insurance Companies; and

(d) the proportion of investment following into social and infrastructure sectors through ULIPs and through conventional insurance policies ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b) Yes, Sir. Insurance Regulatory & Development Authority (IRDA) has informed that life insurance companies have been allowed to market the Unit Linked Insurance Plans (ULIPs) and the tax benefits extended to traditional life insurance products are available to them also.

(c) IRDA has reported that life insurance companies appoint agents to distribute their products conforming to the regulations made by IRDA.As such, proper training is imparted to the agents so as to enable them to educate the prospective policyholders about the ULIPs and other life insurance products.

(d) IRDA has informed that in the case of ULIPs, the investment risk is borne by the policyholders and the investment of ULIP Funds are made as per the pattern agreed to by the insurer and the policyholder. Hence, investments in ULIPs are different from the conventional insurance policies in view of the nature of the liabilities. IRDA has further reported that as on 31s` March, 2005, the investments by the life insurance companies in social and infrastructure sectors stood at 12.5% of their total investment.